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C O N F I D E N T I A L BUENOS AIRES 000687

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EMBASSY VILNIUS FOR THOMAS P. KELLY
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SUBJECT: ARGENTINA: K CAMPAIGNING ON CONFRONTATION?

REF: A. BUENOS AIRES 00603
[1](#)B. BUENOS AIRES 00576

Classified By: Ambassador E. Anthony Wayne for Reasons 1.4(b) and (d).

[1](#)1. (C) SUMMARY: While opposition politicians are busy conducting their pre-campaigns, President Nestor Kirchner, with an overwhelming lead in all the polls, remains mum about whether he will run for reelection in October. Kirchner associates and rumors favor First Lady Senator Cristina Fernandez de Kirchner as the likely Kirchnerista candidate for president, and she appears to be conducting a pre-campaign with a number of recent public appearances and foreign trips. Kirchner, however, remains very much in the mix and in control, his irascible personality at the fore. With an overarching focus on the short-term and maintenance of domestic political power, Kirchner continues to co-opt domestic politicians and is happy to take on all challenges -- real or perceived -- whether it be HMG and control of the Falklands/Malvinas islands, the purported slowness of 1980s rights cases in the Court of Appeals, the Catholic Church for supporting teachers pay raise demands, the police for the accidental death of a teacher/demonstrator, or the USG's perceived criticism after Hugo Chavez's last visit. This odd combative style, while wearing thin with the chattering classes, has served Kirchner well. Given his high poll ratings, we see no reason why he will change tactics in the countdown to October elections. END SUMMARY.

Will He or Will She?

[1](#)2. (C) The Casa Rosada remains mum on whether President Kirchner will seek a second term or will decide to run the First Lady, Senator Cristina Fernandez de Kirchner. We believe the Kirchners will likely hold their tongue until at least after the June mayoral elections in Buenos Aires. Rumors and smart money favor the First Lady. Recent public appearances and a number of high profile trips abroad are being portrayed as the Casa Rosada laying the ground work for Cristina's eventual candidacy. After visiting Paris in early February, she made a three-day visit to Ecuador and Venezuela in late March, during which the presidents of both countries referred to her as the likely presidential candidate. She is off to Mexico this week and reportedly will travel to the

U.S. in May. It is unclear, however, whether stylistic differences between husband and wife would translate into measured policy changes in a Cristina administration.
(COMMENT: The line circulating in the press -- likely instigated by Cristina intimates -- is that, should she win, there would be a shift toward the center politically, a more orthodox approach to economic and financial policy and perhaps some more stress on defending human rights and democracy internationally. It is much too early to speculate on what a Cristina victory might mean policy-wise, however and, given that Argentine campaigns are usually bereft of policy content, we are unlikely to get a clear indication if and when she declares and the campaign begins in earnest.
END COMMENT.)

Picking Off the Opposition

¶3. (C) As in the October 2005 legislative elections, Kirchner is making an assiduous effort to co-opt opportunistic opposition leaders in preparation for this year's presidential and legislative elections. Kirchner's poaching of other parties has netted him both left- and right-wing leaders and has left the opposition weakened and fragmented across the ideological spectrum. Radical Civic Union (UCR), previously the most viable national opposition party, for instance, has lost five of its six governors and several mayors to Kirchner's "concertacion" -- an alliance of Peronists and non-Peronists who have switched allegiance from their parties to Kirchner's political program.

¶4. (C) Kirchner has skillfully utilized his power over the budget purse strings to entice allies and undermine would-be opponents; Argentina's budget and tax system affords the national government control over the distribution of currently sizable federal funds to the provinces, which shoulder the majority of expenditures. Political contacts here describe Kirchner's support as broad but not deep, with most of his new adherents content to ride the swell until the next big political wave comes along.

Picking Fights

¶5. (C) Kirchner, lacking the charisma of a natural politician, appears happiest and most effective when he is picking a fight either domestically or internationally. Although this proclivity has worn thin with much of the chattering classes, it has proved an effective and popular formula with the average Argentine. Four years into his tenure and with the highest approval ratings in Latin America (73 percent according to Mexican polling firm Consulta Mitofsky), Kirchner continues to look for targets. His recent decision to walk away from a 1995 agreement with the UK for oil exploration in the Falkland/Malvinas islands is a case in point (ref A). Kirchner, more than any president since the return of democracy in 1983, has aggressively promoted Argentina's sovereign claim to the islands -- a policy that plays well with nationalistic sentiments here. He has used the 25th anniversary of Argentina's disastrous island war with the UK as an opportunity to push the issue again with a view to October presidential elections.

¶6. (C) Ironically, Kirchner does not need to revive the Falklands/Malvinas issue -- or any issue -- to help his position in the polls. Kirchner is projected to win the election by at least 40 points by almost every polling firm in Buenos Aires. With center right opposition leader Mauricio Macri running for Buenos Aires Mayor and out of the race for president, the next closest candidates to Kirchner -- center-left politician Elisa Carrio and former Economy Minister Roberto Lavagna -- are each expected to pull less than 20 percent of the vote.

Harsh Words for the U.S. and other International Icons

¶7. (C) The thin-skinned Kirchner is consistently intolerant of real or perceived criticism from any source, including the United States. He regularly strikes out at the very unpopular IMF as well as others. The fact that the Argentine public has the most negative view of the US's international role of any country in the hemisphere makes Washington an easy target. Kirchner and some of his cabinet members also reportedly believe that Washington did little to aid Argentina during and after the 2001-2002 economic crisis and default. Kirchner was also reportedly upset that the USG resisted language addressing the question of sovereignty over the Falklands/Malvinas islands in the November 2005 Summit of the Americas declaration. He apparently viewed President Bush's March 9-11 visit to Uruguay as an effort to divide Mercosur and felt the need to reassert Argentina's presence as Brazil and the U.S. announced new cooperation.

¶8. (C) Pundits here were waiting for Kirchner's explosion following Under Secretary Burns' balanced and polite March 22 public comments to the Council of the Americas about USG disappointment of the March 9 Chavez-led anti-Bush rally in Buenos Aires (ref B). Embassy contacts report that Foreign Minister Jorge Taiana, Chief of Cabinet Alberto Fernandez, and Interior Minister Anibal Fernandez moved quickly to criticize U/S Burns' comments in order to preempt a Kirchner response.

Meddling in the Appeals Court

¶9. (C) Kirchner also regularly goes after targets at home. He recently accused four of the Criminal Appeals Court's judges, including the Court's president Alfredo Bisordi, of purposely stalling proceedings on human rights cases relating to the military dictatorship. According to press coverage, the judges first received "suggestions" that they should resign their posts in the interest of the country, then were told by Planning Minister Julio De Vido to vacate their positions or face investigation. For its part, the Court has strongly pushed back, contending that "never in the history of Argentine democracy has any president interfered so much in judicial activity" and maintaining that human rights cases are caught up in the same backlog that all cases before the Court are currently facing. The opposition has also lost no time using the issue to accuse the president of overstepping his executive powers. Despite continued criticism, however, Kirchner has refused to back down. The Council of Magistrates has opened investigations of the four judges, while the Supreme Court appears to be trying to mitigate the situation by giving credit to Kirchner's due diligence but warning of the inherent dangers of interfering in judicial independence. One judge has gone on medical leave and another has said she will retire. (COMMENT: Kirchner's apparently politically-motivated attack of the court was originally most likely an attempt to intimidate judges into retirement, thereby giving him a chance to replace some of the judges appointed to life-terms by former President Menem in 1993. The Court's public resistance to pressure from the administration may have forced Kirchner to carry the accusations of malfeasance farther than initially planned. Septel will report the Ambassador's discussions with the Supreme Court President. END COMMENT.)

Teacher Protests

¶10. (C) In another seemingly unpredictable and impulsive reaction, Kirchner has also recently butted heads with Santa Cruz Bishop and former ally Juan Carlos Romanin, apparently because he perceives the Bishop is playing a prominent role in fostering civil unrest in his native province. Several thousand teachers from Santa Cruz, often accompanied by other trade unions, have held a series of strikes and protests in recent weeks demanding salary increases. Bishop Romanin has

supported their calls for increased wages, which have spread to other provinces and are threatening to become a national problem. A visibly irritated Kirchner has criticized Romanin publicly and accused the strikers of extortion. Leverage provided by the elections and skepticism over official government inflation figures may well likely encourage continued strikes and protests in support of substantial pay increases in coming months. Kirchner is likely not to overstate his criticism of a powerful representative of the Catholic Church, which enjoys an overwhelming level of credibility here. However, teacher strikes have spread to various provinces resulting in violence and one death.

¶11. (C) In typical Kirchner form, the president went over the top in public comments April 9, in reference to the accidental police killing of a demonstrating teacher in Neuquen province April 5. Chemistry teacher Carlos Fuentealba died shortly after being struck in the head by a tear gas canister fired by police at close range in efforts to force protesting teachers to clear a blockaded highway. Kirchner repudiated the "police repression" that led to Fuentealba's "execution-style" death and ironically called on all sectors of society for "coexistence and rationality." Teachers and a number of labor unions staged strikes April 9 and 10 to protest Fuentealba's death. Press reports indicate it was the biggest social protest since Kirchner took office, with around 200 rallies held throughout the country. About 30,000 took to the streets in the city of Neuquen, while thousands also protested in Buenos Aires, Santa Cruz, Mendoza, and Cordoba. The 24-hour teacher strike sparked parallel work stoppages in public transport, banking, the courts, and health sectors.

Corruption in the Air

¶12. (C) Four years into his administration, Kirchner and his officials have faced relatively few allegations of corruption or scandal. A couple of cases currently under investigation, however, have gained momentum in recent months. Swedish multinational Skanska has admitted involvement in tax evasion and is suspected of bribe payments to government officials, many of whom work under powerful Planning Minister Julio De Vido, during its work expanding the Northern Gas Pipeline. Not only has this put a cloud over De Vido, one of the President's most trusted advisors, it has raised questions -- and given the opposition ammunition during an election year -- about the GoA's frequent use of unregulated quasi-private sector "fideicomisos" (Trust Funds) to finance large public works, including the Gas Pipeline and a multi-billion dollar thermal power generation project. Separately, Senate opposition parties criticized the government for its lack of transparency in reaching a financial settlement with the Mendoza consortium Grupo Greco, which lost 45 companies in a 1980 military government confiscation. Media allegations of corruption in the deal have prompted several court investigations of Economic Ministry officials. This scandal could have negative ramifications for Economy Minister Felisa Miceli and other political appointees in the Ministry, who have been accused, somewhat unjustly, of mismanaging the over \$100 million compensation deal for Greco's 1980 losses. Numerous governments have dealt with this case since 1980, and Miceli's predecessor, Roberto Lavagna, oversaw the final negotiations with Greco. However, Miceli and her legal team sent the deal to the Argentine Congress, provoking the scandal, and are, therefore, bearing the brunt of the backlash.

Comment

¶13. (C) Although it appears that Kirchner has the presidential election well in hand, he is not likely to back away from his aggressive responses to real and imagined challenges. Despite Kirchner's consistently high approval

ratings and the lack of a viable opposition candidate, his recent confrontational behavior suggests that Kirchner still sees political benefit to appealing to his more radical voter base in an election year. We can expect more firebrand rhetoric and nationalistic gestures in the months leading to the October elections, regardless of which Kirchner ends up being the official candidate. Although Cristina's pre-campaigning suggests she might formulate a more concrete foreign policy and a more moderated domestic policy, it is too early to speculate how much actual difference could be expected if she becomes the new president in October. Many comment that she has never had a management position. Opposition politicians and political pundits seem tired of the Kirchners' combative performance, but with a projected 50-70 percent of intended presidential votes slated for Kirchner, the domestic audience writ-large is enjoying the show and asking for an encore. END COMMENT.

WAYNE